

SMITH BRADBEER & COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2014

Company Registration Number: 00036724

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SMITH BRADBEER & COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2014

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SMITH BRADBEER & COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 JANUARY 2014

The board of directors	A E Davies P L Davies G J Davies Mrs S M Robinson R G Davies J A Davies
Company secretary	G J Davies
Business address	14-20 Bell Street Romsey Hampshire SO51 8ZE
Registered office	14-20 Bell Street Romsey Hampshire SO51 8ZE
Auditor	Baker Tilly UK Audit LLP Chartered Accountants Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Accountants	Baker Tilly Tax and Accounting Limited Chartered Accountants Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Bankers	Lloyds TSB Bank Plc 6 Market Place Romsey Hampshire SO51 8YS
Solicitors	Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH

SMITH BRADBEER & COMPANY LIMITED

STRATEGIC REPORT

YEAR ENDED 31 JANUARY 2014

Principal activities and business review

The principal activity of the company continued to be that of the operation of retail department stores, removals and furniture rentals.

The company has performed well during the year. Turnover has increased by £314,544 and the operating profit has also increased so we can expect profits to increase next year.

The directors are very pleased with the results for year.

The business is long established in three towns and so we see our risk as limited but we are not complacent. We believe the quality of our products combined with high levels of customer service will attract and retain new customers that will minimise this risk.

Future developments

The company is consolidating its position in the market place with continued emphasis on improving profitability.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds; and
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Hedge accounting is not used by the company.

As all the companies surplus funds are invested in sterling bank deposit accounts and its borrowings are all obtained from standard bank loan accounts there is no interest risk exposure.

The company's surplus funds are held primarily in short term variable rate deposit accounts with reputable UK banks. The directors believe that this gives them the flexibility to release cash resources at short notice.

Interest on the company's borrowings is charged at a variable rate, as per note 16 to the financial statements, however interest rate swaps to fix interest rates have been entered as per note 23, thereby eliminating any cash flow risk associated with changing interest payments. The directors believe the loss of ability to take advantage of falls in interest rates is more than offset by the certainty of knowing their financial commitments when managing the company's trading activities.



Signed on behalf of the directors
G J Davies

Director

Approved by the directors on 24-10-14

SMITH BRADBEER & COMPANY LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 JANUARY 2014

The directors present their report and the financial statements of the company for the year ended 31 January 2014.

Results and dividends

The profit for the year, after taxation, amounted to £908,408. Particulars of dividends paid are detailed in note 10 to the financial statements.

Market value of land and buildings

In the opinion of the directors the land and buildings, including the investment property, are included in the accounts at existing use value or open market value as appropriate. The land and buildings have professionally valued as per note 11 to the financial statements.

Directors

The directors who served the company during the year were as follows:

A E Davies
P L Davies
G J Davies
Mrs S M Robinson
R G Davies
J A Davies

Under the company's articles of association the directors are not required to retire by rotation.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SMITH BRADBEER & COMPANY LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2014

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Donations

During the year the company made the following contributions:

	2014	2013
	£	£
Charitable	<u>50,000</u>	<u>70,177</u>

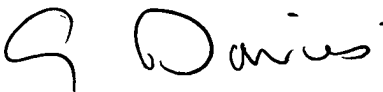
Strategic report

In accordance with section 414C(11) of the Companies Act 2006, information in respect of business activities, risks and uncertainties and future developments of the business have been included within the strategic report on page 2.

Auditor

Baker Tilly Audit Limited ceased trading on 31st March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

Signed on behalf of the directors



G J Davies

Director

Approved by the directors on 26-10-14

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITH BRADBEER & COMPANY LIMITED

We have audited the financial statements on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SMITH BRADBEER & COMPANY LIMITED (CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

David Brookes, Senior Statutory Auditor
For and on behalf of

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

28 OCTOBER 2014

SMITH BRADBEER & COMPANY LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 JANUARY 2014**

		2014	2013
	Note	£	£
Turnover	2	15,761,648	15,447,104
Cost of sales		(9,456,855)	(9,325,395)
Gross profit		6,304,793	6,121,709
Administrative expenses		(5,393,110)	(5,619,472)
Other operating income	3	673,103	698,637
Operating profit	4	1,584,786	1,200,874
Interest receivable	7	24,833	25,693
Interest payable and similar charges	8	(370,051)	(375,170)
Profit on ordinary activities before taxation		1,239,568	851,397
Tax on profit on ordinary activities	9	(331,160)	(226,590)
Profit for the financial year		908,408	624,807

All of the activities of the company are classed as continuing.

The notes on pages 11 to 26 form part of these financial statements.

SMITH BRADBEER & COMPANY LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 JANUARY 2014

	2014 £	2013 £
Profit for the financial year		
Attributable to the shareholders	908,408	624,807
Unrealised profit on revaluation of certain fixed assets	—	450,000
Total gains and losses recognised since the last annual report	<u>908,408</u>	<u>1,074,807</u>

Note of historical cost profits and losses

	2014 £	2013 £
Reported profit on ordinary activities before taxation	1,239,568	851,397
Difference between a historical cost Depreciation charge and the actual Charge calculated on the revalued amount	<u>24,105</u>	<u>18,506</u>
Historical cost profit on ordinary activities before taxation	<u>1,263,673</u>	<u>869,903</u>
Historical cost profit for the year After taxation	<u>932,513</u>	<u>643,313</u>

The notes on pages 11 to 26 form part of these financial statements.

SMITH BRADBEER & COMPANY LIMITED

Registered Number 00036724

BALANCE SHEET**31 JANUARY 2014**

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	11	16,636,535	16,631,446
Investments	12	10,000	10,000
		<u>16,646,535</u>	<u>16,641,446</u>
Current assets			
Stocks	13	2,380,675	2,716,949
Debtors due within one year	14	570,484	564,325
Debtors due after one year	14	1,989,276	2,289,943
Cash at bank and in hand		23,004	22,835
		<u>4,963,439</u>	<u>5,594,052</u>
Creditors: Amounts falling due within one year	15	<u>(3,856,101)</u>	<u>(4,489,531)</u>
Net current assets		<u>1,107,338</u>	<u>1,104,521</u>
Total assets less current liabilities		<u>17,753,873</u>	<u>17,745,967</u>
Creditors: Amounts falling due after more than one year	16	(6,542,836)	(7,081,216)
Provisions for liabilities			
Deferred taxation	19	(168,072)	(130,292)
		<u>11,042,965</u>	<u>10,534,459</u>
Capital and reserves			
Called-up share capital	25	66,667	66,667
Revaluation reserve	26	4,138,592	4,162,697
Other reserves	26	40,877	40,877
Profit and loss account	26	6,796,829	6,264,218
Shareholders' funds	27	<u>11,042,965</u>	<u>10,534,459</u>

These accounts were approved by the directors and authorised for issue on 24-10-14, and are signed on their behalf by:

G Davies
Director



The notes on pages 11 to 26 form part of these financial statements.

SMITH BRADBEER & COMPANY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 JANUARY 2014

	Note	2014		2013	
		£	£	£	£
Net cash inflow from operating activities	28		2,254,630		1,275,531
Returns on investments and Servicing of finance					
Income from related undertakings		24,333		–	
Interest received		3,526		693	
Interest paid		(324,247)		(304,927)	
Interest element of hire purchase		(1,804)		(1,592)	
Dividends on shares classed as financial liabilities		(44,000)		–	
Net cash outflow from returns on investments and servicing of finance			(342,192)		(305,826)
Taxation			(180,782)		(467,975)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(186,466)		(137,196)	
Receipts from sale of fixed assets		–		4,883	
Disposal of investments		–		3,860	
Net cash outflow for capital expenditure and financial investment			(186,466)		(128,453)
Equity dividends paid			(399,902)		(324,502)
Cash inflow before financing			1,145,288		48,775
Financing					
New bank loans		–		583,709	
Repayment of bank loans		(528,559)		(425,985)	
Capital element of hire purchase		(31,085)		(20,834)	
Repayment of directors' long-term loans		(105,000)		(117,000)	
Net cash (outflow)/inflow from financing			(664,644)		19,890
Increase in cash	28		480,644		68,665

The notes on pages 11 to 26 form part of these financial statements.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards. The going concern basis of accounting has been applied. The directors have considered the contingent liability disclosed in note 24 to the financial statements and have prepared and reviewed future cash flow projections and are satisfied that the company will generate sufficient cash flows to meet its obligations as they fall due. There are no other material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern and so this basis of accounting is considered to be appropriate

Turnover

Turnover represents amounts receivable from sales in the two department stores, two furniture stores and services rendered for furniture removals, exclusive of VAT and trade discounts.

Income from furniture sales is recognised at the point of delivery, exclusive of VAT and trade discounts.

Rental income is received and recognised in the quarter to which it relates. Any rental income received in advance is deferred to the period to which it related.

Storage rental income is received and recognised in the quarter to which it relates.

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost or revaluation of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold property	- 2% straight line
Leasehold property	- 2% straight line or over lease term if shorter
Plant, machinery & motor vehicles	- 15%-25% reducing balance/straight line
Fixtures & fittings	- 12.5% - 25% straight line/reducing balance

Tangible fixed assets are stated at cost, being purchase price or valuation, less accumulated depreciation.

Freehold property had been included in the accounts at valuation. Freehold land is not depreciated.

Investment properties are included in the balance sheet at their open market value and are not depreciated.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for Investment Properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

1. Accounting policies (continued)

Investments

Investments held as fixed assets are stated at cost, being purchase price, less provision for any impairment in value.

Stock

Stock is valued at the lower of cost, being purchase price, and net realisable value. Provisions have been raised against stock lines where necessary. Stock included in the accounts consists of the goods sold by the department stores and the goods that are rented in the furniture rental division.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

1. Accounting policies (continued)

Employee benefit trusts

The company has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and also has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

2. Turnover

Turnover is attributable to the following principal activities of the company:

An analysis of turnover is given below:

	2014	2013
	£	£
Retail stores	15,110,988	14,837,395
Removals, future rentals and storage income	650,660	609,709
	<u>15,761,648</u>	<u>15,447,104</u>

3. Other operating income

	2014	2013
	£	£
Rent receivable	<u>673,103</u>	<u>698,637</u>

4. Operating profit

Operating profit is stated after charging/(crediting):

	2014	2013
	£	£
Depreciation of owned fixed assets	205,186	194,339
Depreciation of assets held under hire purchase agreements	18,123	9,411
Profit on disposal of fixed assets	–	(4,883)
Auditor's remuneration		
- as auditor	10,000	7,700
- for other services	19,000	9,600
Operating lease costs:		
-Other	<u>467,740</u>	<u>466,982</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

5. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2014	2013
	No	No
Directors	6	6
Office and management	12	12
Sales assistants/removals	185	193
	<u>203</u>	<u>211</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	2,720,786	2,816,710
Social security costs	187,708	200,037
Other pension costs	5,160	4,253
	<u>2,913,654</u>	<u>3,021,000</u>

In addition to the employees disclosed above, there were also 37 (2013 - 33) concession staff working within the department stores. These staff are not employed by Smith Bradbeer & Company Limited.

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Aggregate remuneration	<u>95,110</u>	<u>112,756</u>

7. Interest receivable

	2014	2013
	£	£
Other interest	500	693
Interest from group undertakings	24,333	25,000
	<u>24,833</u>	<u>25,693</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

8. Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank borrowing	234,657	304,927
Finance charges	1,804	1,592
Other similar charges payable	133,590	68,651
	<u>370,051</u>	<u>375,170</u>

9. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014		2013	
	£	£	£	£
In respect of the year:				
UK Corporation tax		299,083		239,653
Over/under provision in prior year		(5,703)		23,152
		<u>293,380</u>		<u>262,805</u>
Deferred tax:				
Origination and reversal of timing differences	37,780		(36,215)	
Total deferred tax (note 19)		<u>37,780</u>		<u>(36,215)</u>
Tax on profit on ordinary activities		<u>331,160</u>		<u>226,590</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23.16% (2013 - 24%).

	2014	2013
	£	£
Profit on ordinary activities before taxation	<u>1,239,568</u>	<u>851,397</u>
Profit on ordinary activities by rate of tax	287,084	215,335
Effects of:		
Expenses not deductible for tax purposes	10,192	421
Capital allowances for period in excess of depreciation	3,368	17,992
Adjustments to tax charge in respect of previous periods	(5,703)	21,866
Sundry tax adjusting items	(1,561)	7,191
Total current tax (note 9(a))	<u>293,380</u>	<u>262,805</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

10. Dividends

Equity dividends

	2014	2013
	£	£
Paid during the year:		
Equity dividends on ordinary shares	<u>399,902</u>	<u>324,502</u>

11. Tangible fixed assets

	Freehold Property £	Long Leasehold Property £	Investment properties £	Plant, machinery & motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation						
At 1 Feb 2013	5,166,934	400,332	11,037,112	543,183	1,746,977	18,894,538
Additions	<u>72,936</u>	<u>–</u>	<u>–</u>	<u>44,238</u>	<u>111,224</u>	<u>228,398</u>
At 31 Jan 2014	<u>5,239,870</u>	<u>400,332</u>	<u>11,037,112</u>	<u>587,421</u>	<u>1,858,201</u>	<u>19,122,936</u>
Depreciation						
At 1 Feb 2013	199,981	72,860	–	449,355	1,540,896	2,263,092
Charge for the year	<u>98,617</u>	<u>20,668</u>	<u>–</u>	<u>26,840</u>	<u>77,184</u>	<u>223,309</u>
At 31 Jan 2014	<u>298,598</u>	<u>93,528</u>	<u>–</u>	<u>476,195</u>	<u>1,618,080</u>	<u>2,486,401</u>
Net book value						
At 31 Jan 2014	<u>4,941,272</u>	<u>306,804</u>	<u>11,037,112</u>	<u>111,226</u>	<u>240,121</u>	<u>16,636,535</u>
At 31 Jan 2013	<u>4,966,953</u>	<u>327,472</u>	<u>11,037,112</u>	<u>93,828</u>	<u>206,081</u>	<u>16,631,446</u>

Included in freehold land and buildings are assets valued at £4,750,000. The properties were revalued in August 2011 by Jones Lang LaSalle. In the opinion of Jones Lang LaSalle, the existing use value of the property at Romsey is £2,950,000 and the open market value is £2,100,000.

Included in investment properties are assets valued at £9,850,000 based on open market value. One of the properties was revalued in June 2011 by CB Richard Ellis, the other by Jones Lang LaSalle in August 2011. In the opinion of the directors, the valuation of these properties fairly reflects the open market value.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

11. Tangible fixed assets (continued)

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2014 £	2013 £
Historical cost:		
At 1 Feb 2013	6,098,124	6,033,426
Cost of additions to revalued assets brought forward	72,298	64,698
	<u>6,170,422</u>	<u>6,098,124</u>
At 31 Jan 2014		
Depreciation:		
At 1 Feb 2013	715,312	594,397
Charge for year	120,693	120,915
	<u>836,005</u>	<u>715,312</u>
At 31 Jan 2014		
Net historical cost value:		
At 31 Jan 2014	<u>5,334,417</u>	<u>5,382,812</u>
At 1 Feb 2013	<u>5,382,812</u>	<u>5,439,029</u>

Hire purchase agreements

Included within the net book value of £16,636,535 is £76,017 (2013 - £40,534) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £18,123 (2013 - £9,411).

12. Investments

	Unlisted investments £
Cost	
At 1 February 2013 and 31 January 2014	<u>10,000</u>
Net book value	
At 31 January 2014 and 31 January 2013	<u>10,000</u>

13. Stocks

	2014 £	2013 £
Finished goods	<u>2,380,675</u>	<u>2,716,949</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

14. Debtors

	2014	2013
	£	£
Trade debtors	17,923	12,962
Other debtors	2,228,844	2,540,097
Prepayments and accrued income	312,993	301,209
	<u>2,559,760</u>	<u>2,854,268</u>

The debtors above include the following amounts falling due after more than one year:

	2014	2013
	£	£
Other debtors	<u>1,989,276</u>	<u>2,289,943</u>

15. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Bank loans and overdrafts	581,983	1,062,456
Payments received on account	281,678	247,048
Trade creditors	705,914	1,049,833
Corporation tax	168,501	55,903
PAYE and social security	40,752	50,439
VAT	477,072	328,998
Preference shares	1,100,000	1,100,000
Hire purchase agreements	20,810	20,835
Other creditors	—	165,667
Accruals and deferred income	479,391	408,352
	<u>3,856,101</u>	<u>4,489,531</u>

The bank loans and overdraft are secured by way of fixed and floating charges over the assets of the company.

Preference shares are redeemable at the option of either the company or the holder of the shares after 31 January 2011. Preference shares have no voting rights attached to them.

Obligations under hire purchase contracts are secured on the assets to which they relate.

Please see note 23 for details of interest rate swaps.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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16. Creditors: Amounts falling due after more than one year

	2014	2013
	£	£
Bank loans	5,503,495	6,032,056
Hire purchase agreements	20,501	9,629
Other creditors	1,018,840	1,039,531
	<u>6,542,836</u>	<u>7,081,216</u>

Analysis of loans

	2014	2013
	£	£
Within one year	569,667	569,667
Between one and two years	569,667	569,667
Between two and five years	1,709,000	1,709,000
Greater than five years	3,224,829	3,753,388
	<u>6,073,163</u>	<u>6,601,722</u>

The bank loans and overdraft are secured by way of fixed and floating charges over the assets of the company.

One bank loan is repayable over fifteen years. Interest is payable at 2% above base rate for the first seven years of the loan and then (is payable) at 2.25% above base rate for the remainder of the term.

The second bank loan is repayable over 15 years. Interest is payable at 2.25% above base rate for the first year of the loan and then (is payable) at 2.5% above base rate for the remainder of the term.

Obligations under hire purchase contracts are secured on the assets to which they relate.

17. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2014	2013
	£	£
Hire purchase agreements are analysed as follows:		
Amounts payable within 1 year	20,810	20,835
Amounts payable between 1 and 2 years	20,501	9,629
	<u>41,311</u>	<u>30,464</u>

18. Pensions

The company operates a defined contribution pension scheme. The pension cost charge represents the amounts payable by the company to the fund. Contributions payable by the company for the year are £5,161 (2013 - £4,253). There are no outstanding contributions at the year end (2013 - £nil).

SMITH BRADBEER & COMPANY LIMITED
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19. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2014	2013
	£	£
At 1 February 2013	130,292	166,507
Profit and loss account movement arising during the year	<u>37,780</u>	<u>(36,215)</u>
At 31 January 2014	<u>168,072</u>	<u>130,292</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2014	2013
	£	£
Excess of taxation allowances over depreciation on fixed assets	179,139	130,292
Other timing differences	<u>(11,067)</u>	<u>-</u>
	<u>168,072</u>	<u>130,292</u>

20. Commitments under operating leases

At 31 January 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings 2014 £	Land and buildings 2013 £
Operating leases which expire:		
Within 2 to 5 years	50,000	50,000
After more than 5 years	<u>466,000</u>	<u>466,000</u>
	<u>516,000</u>	<u>516,000</u>

SMITH BRADBEER & COMPANY LIMITED
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21. Transactions with directors

At the year end P L Davies and A E Davies had directors current accounts with the company. The balance due to the directors at 31 January 2014 was £90,337 (2013 - £206,663) and £24,417 (2013 - £132,868) respectively.

At the year end G J Davies was owed £700,000 (2013 - £700,000) by the company. During the year interest of £42,783 (2012 - £68,651) was charged to the company in respect of this loan.

During the year dividends totalling £186,132 (2013 - £270,735) were paid to the directors of the company.

During the year the following interest was charged to the company by the directors on their current accounts:

	Interest charged £
P L Davies	3,613
A E Davies	977
Mrs H Davies	4,653
Mrs P L Davies	1,938
G J Davies	35,158

22. Related party transactions

In the year, the company paid rent amounting to £70,000 (2013 - £70,000) to the Davies Millennium Trust, of which G J Davies is a beneficiary. There was no balance due at the year end.

Rent amounting to £24,000 (2013 - £24,000) was also paid to G J Davies, B M L Davies and S A L Davies for the use of 19 Bell Street, Romsey.

All of the above transactions were carried out at arm's length and in the normal course of business.

Included within other debtors due in more than one year is £26,000 (2013 - £26,000) loaned to The Berkeley Foundation Limited, a not for profit company, in which G J Davies is one of the four trustees.

During 2011 Smith Bradbeer and Company incurred costs of £2,995,580 on behalf of RAM Capital Limited, a company under common control. Included within other debtors is a balance of £2,163,276 (2013 - £2,493,943) of which £1,963,276 (2013 - £2,263,943) is due after more than one year. During the year interest of £24,333 (2013 - £25,000) has been charged to RAM Capital Limited in respect of this debt and is included within accrued income as at the balance sheet date.

In October 2010, Smith Bradbeer & Company Limited became a tenant of RAM Capital Limited. The lease agreement included a 6 month rent free period, and expires after 15 years. During the year rent of £362,500 (2013 - £362,500) was paid to RAM Capital Limited. A balance of £150,000 (2012 - £162,500) is included within accruals in respect of the rent free period.

During the year dividends totalling £119,161 (2013 - £27,767) were paid to the P L Davies and A E Davies Discretionary Settlements.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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23. Financial Instruments

Three interest rate swap agreements were entered into during 2010, in order to fix the interest on a section of the loan, for a portion of the life of the loan. The agreements are on £1 million and fix the interest at: 3.05% for five years, 3.48% for seven years and 3.75% for ten years. These agreements do not have a material impact on these financial statements. The fair value of the interest rate swaps as at the year end was £97,636 (2013 - £104,555).

24. Contingencies

In previous years the company made contributions into Employee Benefit Trusts (EBT). These investments generated tax savings of approximately £373k. Since the year-end, the UK government has enacted retrospective legislation which applies to these investments and which requires users of registered tax planning arrangements to make a payment on account of any potential tax saved by the use of such planning pending clarification of the tax treatment by the courts. At the date these accounts were signed, no accelerated payment notice had been received from HMRC and the validity of the tax savings have not been tested in the courts.

Since the year end HMRC have indicated that if the company wished to enter into settlement discussions the liability would be approximately £511k with interest accruing. At the date of signing the accounts no formal settlement agreement has been entered into and no advance payment notice has been received. Therefore this liability has not been provided for in these financial statements as the company has no legal obligation at the year-end to remit the tax savings.

SMITH BRADBEER & COMPANY LIMITED
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25. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
'A' Ordinary shares of £0.10 each	66,667	6,667	66,667	6,667
'B' Ordinary shares of £0.10 each	66,667	6,667	66,667	6,667
C, D, G, H, J, L, M, R, S Ordinary non-voting shares (2013 - 533,336) of £0.10 each	466,336	46,634	533,336	53,334
G1, G2, G3, G4 Ordinary non-voting shares (2013 - -) of £0.10 each	10,000	1,000	-	-
H1, H2, H3, H4 Ordinary non-voting shares (2013 - -) of £0.10 each	10,000	1,000	-	-
J1, J2, J3 Ordinary non-voting shares of £0.10 each	10,000	1,000	-	-
L1, L2, L3 Ordinary non-voting shares of £0.10 each	10,000	1,000	-	-
M1, M2, M3, M4 Ordinary non-voting shares of £0.10 each	10,000	1,000	-	-
R1 Ordinary non-voting shares of £0.10 each	7,000	700	-	-
S1, S2, S3, S4 Ordinary non-voting shares of £0.10 each	10,000	1,000	-	-
Redeemable preference shares of £1 each	1,100,000	1,100,000	1,100,000	1,100,000
	<u>1,766,670</u>	<u>1,166,667</u>	<u>1,766,670</u>	<u>1,166,667</u>

	2014	2013
	£	£
Amounts presented in equity:		
66,667 'A' Ordinary shares of £0.10 each	6,667	6,667
66,667 'B' Ordinary shares of £0.10 each	6,667	6,667
466,336 C, D, G, H, J, L, M, R, S Ordinary non-voting shares (2013 - 533,336) of £0.10 each	46,634	53,334
10,000 G1, G2, G3, G4 Ordinary non-voting shares (2013 - -) of £0.10 each	1,000	-
10,000 H1, H2, H3, H4 Ordinary non-voting shares (2013 - -) of £0.10 each	1,000	-
J1, J2, J3 Ordinary non-voting shares of £0.10 each	1,000	-
L1, L2, L3 Ordinary non-voting shares of £0.10 each	1,000	-
M1, M2, M3, M4 Ordinary non-voting shares of £0.10 each	1,000	-
R1 Ordinary non-voting shares of £0.10 each	700	-
S1, S2, S3, S4 Ordinary non-voting shares of £0.10 each	1,000	-
	<u>66,667</u>	<u>66,667</u>

Amounts presented in liabilities:

1,100,000 Redeemable preference shares of £1 each	<u>1,100,000</u>	<u>1,100,000</u>
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SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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25. Share capital (continued)

During the year the company redesignated 67,000 'G, H, J, L, M, R and S' Ordinary non voting shares into 67,000 'G1, G2, G3, G4, H1, H2, H3, H4, J1, J2, J3, L1, L2, L3, M1, M2, M3, M4, R1, S1, S2, S3 and S4' Ordinary non voting shares. This has not effected the ownership of the company.

Shares rank pari-passu in all respects except for the provisions relating to voting rights as set out below.

The 'C, D, G, H, J, L, M, R, S' Ordinary shares are non-voting shares. The 'G1, G2, G3, G4, H1, H2, H3, H4, J1, J2, J3, L1, L2, L3, M1, M2, M3, M4, R1, S1, S2, S3 and S4' Ordinary shares are also non voting.

26. Reserves

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	4,162,697	40,877	6,264,218
Profit for the year	—	—	908,408
Equity dividends	—	—	(399,902)
Other movements			
- transfer to/from revaluation reserve	(24,105)	—	24,105
Balance carried forward	<u>4,138,592</u>	<u>40,877</u>	<u>6,796,829</u>

27. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	908,408	624,807
Other net recognised gains and losses	—	450,000
Equity dividends	(399,902)	(324,502)
Transfer from revaluation reserve	24,105	18,506
Transfer to profit and loss account	(24,105)	(18,506)
Net addition to shareholders' funds	508,506	750,305
Opening shareholders' funds	10,534,459	9,784,154
Closing shareholders' funds	<u>11,042,965</u>	<u>10,534,459</u>

SMITH BRADBEER & COMPANY LIMITED
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28. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2014 £	2013 £
Operating profit	1,584,786	1,200,874
Depreciation	223,309	203,750
Profit on disposal of fixed assets	–	(4,883)
Decrease/(increase) in stocks	336,274	(172,220)
Decrease in debtors	294,508	23,326
(Decrease)/increase in creditors	(184,247)	24,684
Net cash inflow from operating activities	<u>2,264,630</u>	<u>1,275,531</u>

Reconciliation of net cash flow to movement in net debt

	2014 £	2013 £
Increase in cash in the period	480,644	68,665
Net cash outflow from/(inflow) from bank loans	528,559	(157,724)
Cash outflow in respect of hire purchase	31,085	20,834
Cash outflow from directors' long-term loans	<u>105,000</u>	<u>117,000</u>
Change in net debt resulting from cash flows	1,145,288	48,775
New finance leases	(41,932)	–
Interest accrued on directors' long-term loans	<u>(84,309)</u>	<u>(81,229)</u>
Movement in net debt in the period	<u>1,019,047</u>	<u>(32,454)</u>
Net debt at 1 February 2013	<u>(9,241,672)</u>	<u>(9,209,218)</u>
Net debt at 31 January 2014	<u>(8,222,625)</u>	<u>(9,241,672)</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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28. Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 1 February 2013 £	Cash flows £	Other changes £	At 31 January 2014 £
Net cash:				
Cash in hand and at bank	22,835	169	–	23,004
Overdrafts	(492,791)	480,475	–	(12,316)
	<u>(469,956)</u>	<u>480,644</u>	<u>–</u>	<u>10,688</u>
Debt:				
Debt due within 1 year	(1,669,665)	528,559	(528,561)	(1,669,667)
Debt due after 1 year	(6,032,056)	–	528,561	(5,503,495)
Directors' long-term loans	(1,039,531)	105,000	(84,309)	(1,018,840)
Hire purchase agreements	(30,464)	31,085	(41,932)	(41,311)
	<u>(8,771,716)</u>	<u>664,644</u>	<u>(42,377)</u>	<u>(8,233,313)</u>
Net debt	<u>(9,241,672)</u>	<u>1,145,288</u>	<u>(42,377)</u>	<u>(8,222,625)</u>

Other changes relate to new hire purchase agreements entered into during the year.

29. Ultimate control

The company is under the joint control of the Davies family by virtue of their shareholdings.